

Small Businesses Should Prepare for Lender Retreat, Industry Insiders Say

Lender pullback is likely to impact small businesses more than others, limiting access to capital.

EL PASO, TEXAS, USA, May 11, 2023 /EINPresswire.com/ -- Leading invoice funding company Viva Capital says a lender retreat could potentially impact millions of small businesses across the country as financial institutions tighten their requirements and limit access to funding. The topic is covered in detail in [“When Lenders Retreat: Alternative Financing Options in a Recession,”](#) which is now live on [VivaCF.net](#).

Financial institutions lend less and increase borrower requirements in a recessionary market or during uncertain economic times, says Greg DiDonna, President and Partner of Viva Capital. The same behavior was seen during the height of the pandemic. Approvals have not yet returned to pre-COVID levels, according to the latest Small Business Credit Survey, which already puts small businesses at a disadvantage.

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Greg DiDonna

“Lender pullback is the industry’s way of protecting itself from bank runs,” DiDonna explains. “Banks need to keep more money on hand to ensure they can cover all withdrawals.”

The latest runs, such as the one that caused the fall of Silicon Valley Bank, highlight a new challenge banks face: technology. Social media, for example, can exponentially hasten the spread of information. Paired with mobile

banking, which makes it easy to initiate a withdrawal in seconds, financial institutions face an



When Lenders Retreat: Alternative Financing Options in a Recession



unprecedented risk of bank runs, CNBC reports.

“Small businesses are hit harder during periods of lender pullback because their credit, revenue, cash flow, and other factors banks consider aren’t as strong as those of larger companies, so they miss out on the few remaining lending opportunities,” DiDonna continues. “That means even if a small business is growing and healthy but needs cash for payroll or equipment to bridge the gap, it’s still more likely to be denied funding.”

DiDonna says that alternative lending remains a viable option for small businesses in most of these cases because the qualifications are generally less rigid. Invoice factoring, for instance, fits into this category, and most businesses with B2B invoices will qualify. He notes that businesses should always be prepared with a backup source of funding, but that knowing what alternative financing solutions are available and accessible before they’re needed can determine if the business will weather an economic downturn or shutter its doors.

Those interested in learning more about invoice factoring and alternative financing options are encouraged to request a complimentary rate quote at [VivaCF.net](https://www.vivacf.net).

ABOUT VIVA

Founded in 1999, Viva helps B2B businesses of all types accelerate cash flow through specialized funding solutions like factoring, accounts receivable financing, and asset-based lending. Their simple qualification process makes it easy for small and mid-sized companies to get vital funding despite lack of credit or time in business. Additional information is available at [VivaCF.net](https://www.vivacf.net).

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